

### ***HARKIN TO INTRODUCE SIMILAR LEGISLATION IN THE SENATE NEXT WEEK***

**WASHINGTON, DC**— Representative Peter DeFazio (D-OR), Chairman of the House Subcommittee on Highways and Transit was joined by [22 of his House colleagues](#) today in introducing new legislation that assess a miniscule tax on Wall Street securities transactions. The money it generates will be used to rebuild Main Street. The legislation, [Let Wall Street Pay for the Restoration of Main Street Act](#), has powerful support from the economists, Wall Street investors, labor organizations, and consumer groups.

“Our nation continues to be crippled by a struggling economy which has resulted in an astronomical unemployment rate of 10.2%. The American taxpayers bailed out Wall Street during a crisis brought on by reckless speculation in the financial markets. This legislation will force Wall Street to do their part and put people displaced by that crisis back to work,” DeFazio said.

“I voted against the absurd bank bailout and the Bush Administration’s cowboy capitalism, markets know best, deregulation at all cost policies. Our stunning unemployment rate is clearly a result of the failure of those policies. We cannot wait for the next bubble to pull us out of the recession. We must invest in our future, our infrastructure, and our middle class now. This legislation will ensure Wall Street pay for needed investment to get our country back on track,” DeFazio continued

Harkin intends to introduce similar legislation in the Senate next week.

“It is time to raise revenues, pay the bills and create jobs in America, and the most painless way to do this is by imposing a modest tax on financial transactions,” Senator Harkin said. “There is no question that Wall Street can easily bear this tax. Last year, the U.S. taxpayer bailed out Goldman Sachs to the tune of \$10 billion. This year, Goldman Sachs has set aside nearly \$17 billion for bonuses. We need a shift in priorities in this country to ask not what America can do for Wall Street, but ask what Wall Street can do for America.”

The legislation assesses a small securities transaction tax on Wall Street. . A securities transaction tax is applied to:

- Stock transactions (tax rate will be 1/4 of 1 percent--0.25%),
- Futures contracts to buy or sell a specified commodity of standardized quality at a certain date in the future, at a market determined price (tax rate will be 0.02%)
- Swaps between two firms on certain benefits of one party's financial instrument for those of the other party's financial instrument (tax rate will be 0.02%)
- Credit default swaps where a contract is swapped through a series of payments in exchange for a payoff if a credit instrument (typically a bond or loan) goes into default (fails to pay) (tax rate will be 0.02%)
- And options, which are contracts between a buyer and a seller that gives the buyer the right, but not the obligation, to buy or to sell a particular asset on or before the option's expiration time, at an agreed price (at the rate of the underlying asset)

A transaction tax has the support of [over 200 economists](#) , including [Paul Krugman](#) business leaders like

[John Bogle, the founder of Vanguard](#)

, and

[labor and consumer organizations](#)

such as

[AFL-CIO](#)

and Americans for Financial Reform. It will provide a disincentive for excessive speculation. Much of the excessive risk on Wall Street is in the form of high-volume short-term speculative trading. The tax could raise approximately \$150 billion a year.

To ensure the tax is appropriately targeted to speculators and **has no impact on the average investor and pension funds** ,

the tax will be refunded for:

- tax-favored retirement accounts
- mutual funds
- education savings accounts
- health savings accounts

- the first \$100,000 of transactions annually that are not already exempted

Half the revenue generated by this transaction tax (approximately \$75 billion) would be deposited in a Job Creation Reserve to fund the creation of good paying jobs and put Americans back to work rebuilding our nation's infrastructure. Each \$1 billion of Federal infrastructure investment creates or sustains over 34,000 American jobs and \$6.2 billion in economic activity. The Surface Transportation Authorization Act of 2009, which would will create or sustain over 12.5 million family wage jobs, would be partially funded through this tax.

The second half of the revenue generated by this transaction tax (approximately \$75 billion) would be used to directly reduce the deficit.